

Chairman Bishop and Representative Connolly: Thank you for convening today's hearing to examine legislative concepts to improve intergovernmental relations. Last week, I had the privilege of being elected to a fifth term as Vermont State Treasurer. I also have the honor of serving as the President of the National Association of State Treasurers (NAST). NAST's Membership is comprised of all state treasurers or state finance officials with comparable responsibilities from all 50 states, the territories, and the District of Columbia. We are headquartered in DC to provide advocacy and support to enable states to pursue and administer sound financial policies and programs benefiting the citizens of the nation.

Intergovernmental relations is central to so much of our work as Treasurers. Whether it is financing critical infrastructure projects in our states, managing our states' debt, returning unclaimed property to its rightful owner, or administering 529 college savings or 529A ABLE savings programs, there is an important partnership with the federal government. The federal highway bill and other infrastructure related reauthorization bills, along with the guidelines set forth by agencies like the DOT – are critical for state and local governments. Federal tax policy is critical to debt issuance and infrastructure financing, and the tax code also helped form the basis for over \$300 billion worth of assets under management in college savings plans across the country. It is helping families and individuals with disabilities save money and manage their living expenses.

Federal banking policy set forth by Congress and the primary banking regulators is critical for how states manage their money through local government investment pools (LGIP). Treasury regulations are critical to Treasurers and unclaimed property program administrator's efforts to reunite Americans with billions of dollars of US Savings Bonds.

In each of these disparate policy areas, federal policy has the opportunity to greatly enhance or detract from the work that we do in the states. However, we are optimistic that Congress is listening. In the aftermath of the financial crisis of 2008, the federal banking regulators promulgated a rule that disincentivized banks to hold high quality investment grade municipal securities. This year, Congress acted in bipartisan fashion to undo this damaging action, enacting legislation that required that categorize these high quality municipal securities as level 2B liquid assets.

As the Task Force contemplates legislative options to improve intergovernmental relations, we ask first and foremost that you provide states with the flexibility we need to invest in projects that we have identified as most critical to our states. Whether it's investments in roads and bridges, or water infrastructure, state and municipal governments benefit greatly from a true partnership with the federal government. From a legislative perspective, we also ask that Congress provide maximum flexibility for states in financing these projects.

To this end, we ask that Congress revisit a critical policy change that was enacted as part of the Tax Cuts and Jobs Act of 2017. While the legislation importantly preserved tax exempt municipal bonds and private activity bonds, it abruptly ended the opportunity for states to save money for taxpayers by refinancing existing municipal debt, known as advance refundings. Quite simply, advance refundings lead to more infrastructure investment at a reduced cost to taxpayers by allowing state debt managers to take advantage of favorable interest rate conditions when appropriate. NAST strongly supports H.R. 5003, a bipartisan bill led by Representatives Randy Hultgren (R-IL) and Dutch Ruppersberger (D-MD), which would reinstate advance refunding bonds.

In closing, we as state treasurers would like to thank the Task Force for the important and bipartisan work that you have undertaken to improve intergovernmental relations. As your efforts continue, we stand ready to work with you and your staffs as you contemplate legislation in this area. Thank you again for the opportunity to testify here today and I look forward to answering any questions you have.